## **CENTER TOWNSHIP EMMET COUNTY, MICHIGAN**

24-1040 **Financial Statements** 

For the Year Ended March 31, 2004

**Prepared By:**Richard E. Mahlmeister, C.P.A., P.C. 580 South Nicolet, P.O.Box 996 Mackinaw City, MI 49701

# Michigan Deptartment of Treasury 496 (2-04) Auditing Procedures Report

issued under P.A. 2 of 1968	, as amende	ed.						
Local Government Type City Townsh	nip 🔲 V	/illage	Local Governme		712		County Emmet	
Audit Date 3/31/04		Opinion Date 9/10/04		Date Accountant Report Sut 9/17/04	untant Report Submitted to State:			
Financial Statements to We affirm that:	for Counti	ies and Local Units  Bulletin for the Au	of Governmen	povernment and render nting Standards Board in Michigan by the Minits of Government in Michigan.	REC DEPT. OF	the <i>Unit</i> tment of T	reasury.	
				osed in the financial s	terarta inclu	edipathe r	otes, or	in the report
ou must check the ap								
				of the local unit are ex	cluded from th	ne financia	l statem	nents.
Yes No 2.	There a 275 of 1	are accumulated d 1980).	eficits in one	or more of this unit's u	nreserved fur	nd balance	s/retaine	ed earnings (
Yes No 3.	There a	are instances of ned).	on-compliance	with the Uniform Acc	counting and	Budgeting	Act (P.	A. 2 of 1968
Yes ✓ No 4.	The loc	al unit has violate nents, or an order	ed the condition	ons of either an order he Emergency Municip	issued unde	r the Mun	icipal Fi	inance Act o
Yes 🔽 No 5.	The loca	al unit holds depo	sits/investmen	ts which do not compl 1982, as amended [Mo	v with statuto	ry requirer	ments. (	P.A. 20 of 19
Yes No 6.	The loca	al unit has been de	linquent in dist	ributing tax revenues th	nat were collec	ted for an	other ta	xing unit.
Yes 🗹 No 7.	periolori	penents (normal (	cosis) in the ci	tional requirement (Art urrent year. If the plan juirement, no contributi	is more than	100% fun	hac bah	the eventure
Yes 🗹 No 8.	The loca (MCL 12	al unit uses credit 9.241).	cards and ha	s not adopted an app	licable policy	as require	ed by P	.A. 266 of 19
Yes 🗹 No 9.	The local	l unit has not adop	ted an investm	nent policy as required l	oy P.A. 196 of	1997 (MC	L 129.9	5).
e have enclosed the					Enclosed	To Forwa		Not Required
e letter of comments	and recor	mmendations.			~			
eports on individual fed	deral finar	ncial assistance pr	ograms (progr	am audits).		<del> </del>		<b>V</b>
ngle Audit Reports (AS	SLGU).							· ·
ertified Public Accountant (Fir Richard E. Mahlmei		A, PC						
reet Address 80 South Nicolat S countant/signature				City Mackinaw C	ity	State MI	ZIP 497	01
my	4/1	119/	0'/-	ļ		Date <b>9/12/04</b>	ļ	

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Member:

American Institute of Certified Public Accountants Michigan Association of Certified Public Accountants

### **INDEPENDENT AUDITORS' REPORT**

September 10, 2004

Township Board Center Township Emmet County, Michigan

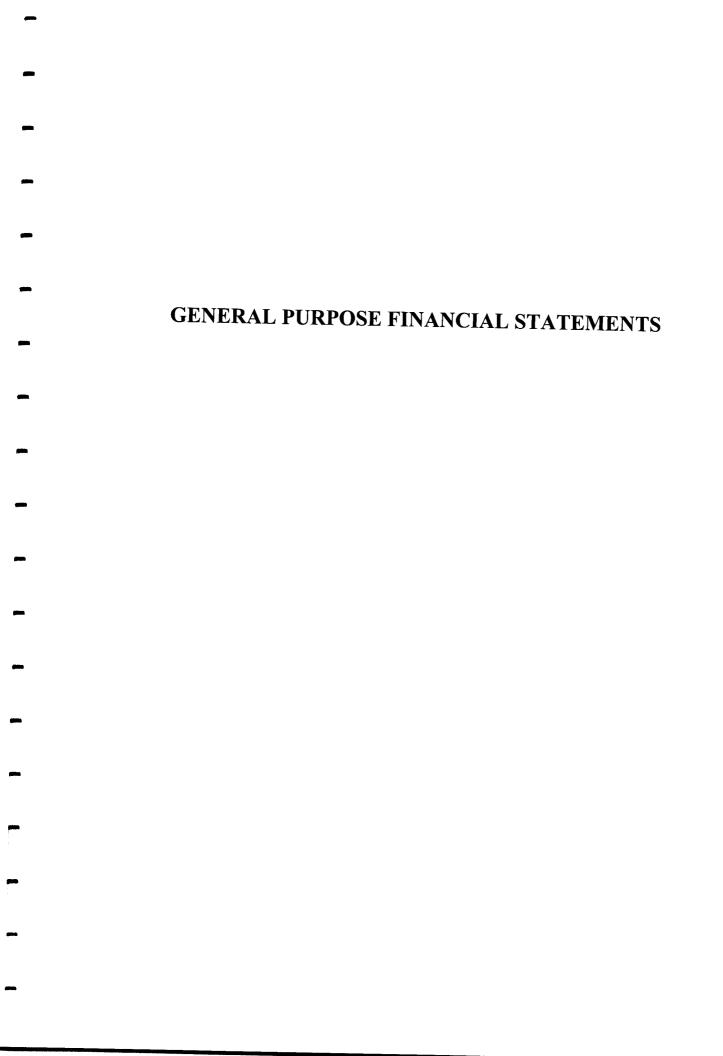
I have audited the accompanying general purpose financial statements of *Center Township*, *Emmet County, Michigan* as of and for the year ended March 31, 2004, as listed in the table of contents. These general purpose financial statements are the responsibility of *Center Township's* management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of *Center Township*, as of March 31, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

My audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of *Center Township*. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Richard E. Mahlmeister, C.P.A.



# CENTER TOWNSHIP COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS MARCH 31, 2004

ASSETS GENERAL SPECIAL REVENUE  Cash and cash equivalents Investments  \$8,392 \$6,963	TRUST AND AGENCY
	\$144,639
Taxes receivable 12,154	
Due from other funds 2,404 2,018	
General fixed assets 16,933 13,064	
Amount to be provided for retirement of general long-term debt	
TOTAL ASSETS \$27,729 \$34,199	\$144,639
LIABILITIES AND FUND EQUITY	
LIABILITIES	
Accrued expenses	
Due to other funds	\$ -
Due to other governmental units	29,997
Note payable -	114,642
TOTAL LIABILITIES 6,088	144,639
FUND EQUITY	
Investment in general fixed assets	
Fund balances:	-
Designated for:	
Subsequent years' expenditures	
Unreserved - undesignated 22,7/9	-
	-
TOTAL FUND EQUITY 21,641 34,199	
TOTAL LIABILITIES	
AND FUND EQUITY \$27,729 \$34,199	\$144,639

See Accompanying Notes.

ACCOUNT	GROUPS	
GENERAL	GENERAL	TOTAL
FIXED	<b>LONG - TERM</b>	(MEMORANDUM
ASSETS	DEBT	ONLY)
\$ -	\$ -	\$159,994
-	-	12,154
-	-	4,422
-	-	29,997
149,345	-	149,345
	35,000	35,000
\$149,345	\$35,000	\$390,912
\$ - -	\$ - -	\$6,088 29,997
-	-	114,642
-	35,000	35,000
-	35,000	185,727
149,345	-	149,345
-	-	27,464
		28,376
140.245		
149,345	-	205,185
\$149,345	\$35,000	\$390,912
		40,70,712

# CENTER TOWNSHIP COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES ALL GOVERNMENTAL FUND TYPES FOR THE YEAR ENDED MARCH 31, 2004

REVENUES	GENERAL	SPECIAL REVENUE	TOTAL (MEMORANDUM ONLY)
Taxes	### <b>#</b> # .		
State shared revenues	\$25,704	\$15,082	\$40,786
Charges for services	34,641	536	35,177
Interest and rentals	500	-	500
Other	5,054	400	5,454
	1,617		1,617
TOTAL REVENUES	67,516	16,018	83,534
EXPENDITURES		,	03,334
Current:			
Legislative	2,351		
General government	42,520	-	2,351
Public safety	· ·	-	42,520
Public works	5,100	522	5,622
Recreation and culture	2,625	16,201	18,826
Other	354	353	707
Debt service:	2,854	-	2,854
Principal			
Interest	6,000	-	6,000
12001000	2,366	-	2,366
TOTAL EXPENDITURES	64,170	17,076	81,246
REVENUES OVER EXPENDITURES	3,346	(1,058)	2,288
FUND BALANCES, BEGINNING OF YEAR	18,295	35,257	53,552
FUND BALANCES, END OF YEAR	\$21,641	\$34,199	\$55,840

See Accompanying Notes.

# COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS FOR THE YEAR ENDED MARCH 31, 2004

		ENERAL FUND	
REVENUES	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Taxes State shared revenues Charges for services Interest and rentals Other	\$26,433 43,500 500 6,200	\$25,704 34,641 500 5,054 1,617	(\$729) (8,859) - (1,146) 1,617
TOTAL REVENUES	76,633	67,516	(9,117)
EXPENDITURES Current: Legislative General government	5,126	2,351	2,775
Public safety Public works Recreation and culture	43,812 6,000 6,225	42,520 5,100 2,625	1,292 900 3,600
Other Debt service Contingency	700 9,995 9,500 1,500	354 2,854 8,366	346 7,141 1,134
TOTAL EXPENDITURES	82,858	64,170	1,500
REVENUES OVER (UNDER) EXPENDITURES	(6,225)	3,346	9,571
FUND BALANCES, BEGINNING OF YEAR	18,295	18,295	_
FUND BALANCES, END OF YEAR	\$12,070	\$21,641	\$9,571

See Accompanying Notes.

## SPECIAL REVENUE FUND

BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
		(CITATORABLE)
\$14,000	\$15,082	\$1,082
-	536	536
-	_	-
-	400	400
_	-	
14,000	16,018	2,018
-	-	_
-	-	-
-	522	(522)
26,079	16,201	9,878
2,626	353	2,273
-	-	-
-	-	-
	-	-
28,705	17,076	11,629
(14,705)	(1,058)	13,647
35,257	35,257	
\$20,552	\$34,199	\$13,647

#### NOTES TO FINANCIAL STATEMENTS

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Center Township, Michigan conform to generally accepted accounting principles as applicable to governments. The following is a summary of the most significant policies.

### THE REPORTING ENTITY

In accordance with the provisions of the Governmental Accounting Standards Board's Statement No. 14, "The Financial Reporting Entity", the financial statements of the reporting entity include those of the Township and any component units. The basic criterion for including a governmental department, agency, institution, commission, public authority or other governmental organization in a governmental unit's general purpose financial report is the exercise of oversight responsibility over such agencies by the governmental unit's elected officials. The manifestations of such oversight responsibility are financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The Township has determined that no entities should be consolidated into its general purpose financial statements as component units. Therefore, the reporting entity consists of the primary government financial statements only.

#### **FUND ACCOUNTING**

The accounts of the Township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped by type in the financial statements. The following fund types and account groups are utilized by the Township:

### **GOVERNMENTAL FUNDS**

#### **General Fund**

The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund. Revenues are primarily derived from property taxes, State aid, and charges for services to provide for the administration and operation of general governmental departments, boards and commissions.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## FUND ACCOUNTING (CONTINUED)

## **GOVERNMENTAL FUNDS (CONTINUED)**

#### **Special Revenue Fund**

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes as dictated by legal, regulatory or administrative requirements.

#### FIDUCIARY FUND

### **Trust and Agency Fund**

The Trust and Agency Fund is used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

#### **ACCOUNT GROUPS**

#### **General Fixed Assets**

This account group presents the fixed assets of the Township utilized in its general operations.

## **General Long-Term Debt Account Group**

This account group presents the balance of general obligation long-term debt, which is not recorded in proprietary or trust funds.

## TOTAL COLUMNS ON COMBINED STATEMENTS

Total columns on the general purpose financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **BASIS OF ACCOUNTING**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All Governmental and Agency Funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) as net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

## **BUDGETS AND BUDGETARY ACCOUNTING**

The Township follows the following procedures in establishing the budgetary data reflected in the financial statements:

- 1. Prior to the beginning of the fiscal year, the Township Clerk submits to the Township Board a proposed operating budget for the fiscal year commencing on April 1.
- 2. Public hearings are conducted to obtain taxpayer comments.
- 3. Prior to March 31, the budget is legally enacted through passage of a resolution.
- 4. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended by the Township Board.

The Township Board's budgetary procedures are in compliance with P.A 621 of 1978 (The Uniform Budgeting Act).

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **ENCUMBRANCES**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order of the applicable appropriations, is not employed by the Township because it is, at present, considered <u>not</u> necessary to assure effective budgetary control or to facilitate effective cash planning and control.

## **CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consists of demand deposits, cash in savings and money market accounts.

#### **INVESTMENTS**

Investments are stated at cost and consist of certificates of deposit with maturity values of three months or longer.

#### RECEIVABLES

Receivables are reported at gross value or net of a valuation allowance, if applicable.

## DUE TO AND DUE FROM OTHER FUNDS

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

## FIXED ASSETS AND LONG-TERM LIABILITIES

The accounting and reporting treatment applied to fixed assets and long-term liabilities associated with a fund are determined by its measurement focus.

Fixed assets used in the general operation of the township are recorded as expenditures when purchased and are accounted for in the General Fixed Assets Account Group. No depreciation is recorded for these general fixed assets. Infrastructure assets, including streets, roads and sidewalks are not capitalized.

All fixed assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated fixed assets are valued at their fair market value on the date donated.

(Continued)

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## FIXED ASSETS AND LONG-TERM LIABILITIES (CONTINUED)

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the General Long-Term Debt Account Group.

The two account groups are not funds. They are concerned only with the measurement of financial position. They are not involved with the measurement of results of operations.

#### RESERVES AND DESIGNATIONS

Reserved fund balances indicate that a portion of fund equity which has been legally segregated for specific purposes and/or does not constitute current available spendable resources. Designated fund balance indicates that a portion of fund equity for which the Township has made tentative plans. Undesignated fund balance indicates that portion of fund equity which is available for budgeting in future periods.

## PROPERTY TAX REVENUE RECOGNITION

Property tax revenues for the year ended March 31, 2004, reflected in the accompanying financial statements, include property taxes levied December 1, 2003. These taxes are due by February 15, 2004, and are added to the County tax rolls after February 28, 2004. The Township receives 100% payment for the delinquent tax by June, 2004.

### VACATION AND SICK LEAVE

There is no accumulated vacation or sick leave to be recognized.

### INTERFUND TRANSACTIONS

During the course of normal operations, the Township has numerous transactions between funds. The accompanying financial statements generally reflect such transactions as operating transfers.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

## NOTE 2: EXCESS OF EXPENDITURES OVER APPROPRIATIONS

P.A. 621 of 1978, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the Township for these budgetary funds were adopted on a fund basis.

During the year ended March 31, 2004, the Township incurred expenditures in excess of the amount appropriated as follows:

<u>Fund</u>	<b>Appropriations</b>	Expenditures	<u>Variance</u>
Special Revenue Fun	d – Liquor Law Enfo	rcement:	
Public safety	\$ -	\$522	\$522

## NOTE 3: CASH, CASH EQUIVALENTS, AND INVESTMENTS

The caption on the combined balance sheet relating to cash, cash equivalents and investments represent deposits in two financial institutions located in Emmet County in varying amounts as follows:

Cash and cash equivalents Investments	\$ 159,994 12,154
	\$172,148

The checking account of the Township is in a common bank account. The equity of each fund in the common account is as follows:

General Fund \$8,39	12
	14
Special Revenue – Roads 4,32	23
Special Revenue – Parks 2,62	26
\$15,35	5

(Continued)

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

## NOTE 3: CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

At year-end the carrying amount of the Township's deposits were classified as to risk as follows:

	Carrying Amount	Bank Balance
Insured (FDIC) Uninsured – uncollateralized	\$127,508 44,640	\$128,050 44,639
	\$172,148	\$172,689

For the year ended March 31, 2004, investments are stated at cost and consist of a certificate of deposit in the amount of \$12,154.

The GASB Statement No. 3 risk disclosures are as follows:

- 1. Insured or Registered, or Securities held by the Township or the Township's agent in the Township's name.
- 2. Uninsured and Unregistered, with Securities held by the Counterparty's Trust Department or its agent in the Township's name.
- 3. Uninsured and Unregistered, with Securities held by the Counterparty or the Counterparty's Trust Department or Agent, but not in the Township's name.

The Township's deposits and investments are in accordance with statutory authority.

#### **Statutory Authority**

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

## NOTE 4: PROPERTY TAX REVENUE

The Township bills and collects its own property taxes and also taxes for other governmental units. Collections of the other governmental units taxes and remittance of them to the units are accounted for in the Trust and Agency Fund.

The taxable value of the Township totaled \$15,385,197, before Board of Review adjustments, on which ad valorem taxes consisted of .9303 mills for the Township's operating purposes and .9855 mills for roads, raising \$14,237 for operating and \$15,082 for roads.

### NOTE 5: PENSION PLAN

The Township provides pension benefits to all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. As established by the Township Board, the Township contributes 10.0% of employees' gross earnings and employees contribute 10.0% percent of earnings. In accordance with these requirements, the Township contributed \$1,849 during the current year, and the employees contributed \$1,849. Contract fees were \$496.

## NOTE 6: GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance April 1, 2003	Additions		Deletions		Balance March 31, 2004
Land	\$9,850	\$	_	\$	_	\$9,850
Buildings	120,000		-	·	_	120,000
Equipment	19,495		<u> </u>		<u>-</u>	19,495
Total	\$149,345	\$	-	\$	-	\$149,345

### NOTE 7: LONG-TERM DEBT

A summary of long term obligations at March 31, 2004, and transactions related thereto for the year then ended are as follows:

(Continued)

## NOTES TO FINANCIAL STATEMENTS (CONCLUDED)

## NOTE 7: LONG-TERM DEBT (CONTINUED)

	Balance April 1, 2003	(Deletions)	Balance March 31, 2004
Note payable – town hall			
Annual payments of			
\$6,000, plus interest at the variable rate of .25%			
under prime.	\$41,000	( \$6,000)	\$35,000

The annual requirements for five years ending March 31, 2005 and thereafter, including \$6,900 in interest, are as follows:

March 31,	Amount
2005	\$8,013
2006	7,668
2007	7,323
2008	6,978
2009	6,633
2010	5,285
	\$41,900

## NOTE 8: RISK MANAGEMENT

Center Township participates in the Michigan Township Participating Plan for general liability, property loss, professional, public official errors and omissions liabilities. This plan is a self-insurance risk association operating within the State of Michigan pursuant to Act 138, Michigan Public Acts of 1982. This plan, through its risk manager, secures insurance policies or reinsurance treaties to cover the risks undertaken on behalf of Center Township. Center Township pays an annual premium to the Michigan Participating Plan for its general insurance coverage and has no additional liability beyond the premiums made to this plan.

The plan has a maximum liability for property of \$175,200, general liability of \$3,000,000, wrongful acts of \$2,000,000, crime of \$10,000, inland marine liability of \$6,800 and bonding for public officials errors and omissions. Additionally, Center Township has purchased commercial insurance for workmans compensation benefits.

Claims for commercial insurance have not exceeded the amount of insurance coverage in any of the past three years.

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_	COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS
_	STATEMENTS
-	
-	
-	
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GENERAL FUND

# CENTER TOWNSHIP GENERAL FUND SCHEDULE OF DETAILED REVENUES FOR THE YEAR ENDED MARCH 31, 2004

	TAXES	
-	Property taxes	
	Property tax administration fee	\$14,237
	County swamp tax	5,758
_		5,709
	TOTAL TAXES	_
		25,704
_	STATE SHARED REVENUES	
		34,641
	CHARGES FOR SERVICES - Land division fees	
_		500
	INTEREST AND RENTALS	
	Interest income	
_	Rentals	304
		4,750
_	OTHER	5,054
	OTHER	1 /1=
	TOTAL DEVENO	1,617
_	TOTAL REVENUE	#C7 P17
,		\$67,516

### CENTER TOWNSHIP GENERAL FUND SCHEDULE OF DETAILED EXPENDITURES FOR THE YEAR ENDED MARCH 31, 2004

LEGISLATIVE	
Township Board:	
Salaries	
Fringe benefits	\$1,870
Dues and subscriptions	193
	288
TOTAL LEGISLATIVE	
	2,351
GENERAL GOVERNMENT	
Township Supervisor:	
Salaries	
Fringe benefits	5,008
	473
	<b>7</b> 101
Elections:	5,481
Elections:	
	_
Assessor:	
Contracted services	
Tax roll preparation	11,265
	924
	12,189
Board of Review:	
Salaries	(0.5)
Fringe benefits	635
Education and training	46
	00
	741
Clerk:	
Salaries	
Fringe benefits	5,087
-	578
	5,665

# CENTER TOWNSHIP GENERAL FUND SCHEDULE OF DETAILED EXPENDITURES (CONTINUED)

_	CONTRACT	
	GENERAL GOVERNMENT: (Cont'd)	
	Treasurer:	
_	Salaries	***
	Fringe benefits	\$6,941
		791
	_	7,732
	Township Hall :	
	Contracted services	
	Communication	1,738
	Utilities	534
	Insurance	3,502
	Other	4,082
		576
		10,432
	Cemetery:	
	Contracted services	
,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		280
	TOTAL GENERAL GOVERNMENT	
		42,520
_		
	PUBLIC SAFETY	
	Fire:	
	Contracted services	
		5,100
	TOTAL PUBLIC SAFETY	
-		5,100
	PUBLIC WORKS	
	Highways and streets:	
	Contracted services	
		2,625
_		
	RECREATION AND CULTURE	
	Recreation	
_		354

# CENTER TOWNSHIP GENERAL FUND SCHEDULE OF DETAILED EXPENDITURES (CONCLUDED)

	OTHER	
	Supplies	\$2,854
	DEBT SERVICE	
	Principal	
	Interest	6,000
		2,366
	TOTAL DEBT SERVICE	
		8,366
-	TOTAL EXPENDITURES	
		\$64,170

_	
•	
	SPECIAL REVENUE FUND

#### CENTER TOWNSHIP COMBINING BALANCE SHEET ALL SPECIAL REVENUE FUNDS MARCH 31, 2004

ASSETS	LIQUOR LAW ENFORCEMENT	ROADS	PARKS	TOTAL
Cash and cash equivalents Investments Taxes receivable Due from other funds	\$14	\$4,323 12,154 2,018 13,064	\$2,626 - -	\$6,963 12,154 2,018 13,064
TOTAL ASSETS FUND BALANCES	\$14	\$31,559	\$2,626	\$34,199
Fund Balances: Designated for: Subsequent years' expenditures Unreserved - undesignated	\$ - 14	\$20,153 11,406	\$2,626 -	\$22,779
TOTAL FUND EQUITY	\$14	\$31,559	\$2,626	\$34,199

See Accompanying Notes.

# CENTER TOWNSHIP COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES ALL SPECIAL REVENUE FUNDS FOR THE YEAR ENDED MARCH 31, 2004

REVENUES	LIQUOR LAW ENFORCEMENT	ROADS	PARKS	TOTAL
Property taxes				TOTAL
State shared revenues	\$ -	\$15,082	<b>s</b> -	615.00
Interest	536	-	<b>.</b>	\$15,08
		400	-	53
TOTAL REVENUES			<u>-</u>	400
THE TELL PERIORS	536	15,482		
EXPENDITURES				16,018
Public safety				
Public works	522	-		
Recreation and culture	-	16,201	•	522
was culture	-		353	16,201
TOTAL EXPENDITURES				353
THE EMPTORES	522	16,201	353	
REVENUES OVER EXPENDITURES			333	17,076
EAFENDITURES	14	(719)	(252)	
FUND BALANCES, BEGINNING OF YEAR		(***)	(353)	(1,058)
DEGINNING OF YEAR		32,278	2,979	
FUND BALANCES, END OF YEAR			2,979	35,257
THE STEERINGES, END OF YEAR	\$14	\$31,559	\$2,626	
			32,020	\$34,199

- -	
	TRUST AND AGENCY FUND

#### CENTER TOWNSHIP STATEMENT OF CHANGES IN ASSETS AND LIABILITIES TRUST AND AGENCY FUND - TAX COLLECTION FUND FOR THE YEAR ENDED MARCH 31, 2004

_		BALANCE APRIL 1, 2003	ADDITIONS	DELETIONS	BALANCE MARCH 31, 2004
-	ASSETS: Cash	\$542	\$386,412	\$242,315	\$144,639
_	LIABILITIES: Due to other funds Due to County Due to State Due to Schools Due to College Due to others	\$542 - - -	\$29,455 77,123 69,568 179,133 31,012	\$ - 47,060 69,568 106,666 18,900	\$29,997 30,063 - 72,467 12,112
_		\$542	\$386,412	\$242,315	\$144,639



Member:

American Institute of Certified Public Accountants Michigan Association of Certified Public Accountants

September 10, 2004

Township Board Center Township Emmet County, Michigan

In planning and performing my audit of the general purpose financial statements of *Center Township*, *Emmet County*, *Michigan*, for the year ended March 31, 2004, I considered the Township's internal control structure to determine my auditing procedures for the purpose of expressing an opinion on the general purpose financial statements and not to provide assurance on the internal control structure.

However, during my audit I became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes my comments and suggestions regarding those matters. This letter does not affect my report dated September 10, 2004 on the financial statements of *Center Township*.

Thank you for the opportunity to serve *Center Township*. I appreciate the assistance I received from the Clerk and Treasurer during my audit. Best wishes in the next year.

Singerely,

Richard E. Mahlmeister, C.P.A.

Center Township Comments & Suggestions September 10, 2004 Page 2 (two)

## **SEGREGATION OF DUTIES**

Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgement, could adversely affect *Center Township's* ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

The reportable condition that exists is that there is a lack of segregation of duties in both the receipting and disbursement function of the Township. This condition is generally inherent in organizations the size of *Center Township*, where corrective action is not practical, and is not considered to be a material weakness.

# EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Public Act 621 of 1978, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. During the year ended March 31, 2004, the Township incurred expenditures in certain budgetary funds which exceeded the amount appropriated, as shown in the body of the financial statements.

I suggest that the Township Board on a periodic basis, review appropriations as compared to actual expenditures and amend the budget as necessary to avoid incurring expenditures in excess of appropriations.

## **UPCOMING FINANCIAL REPORTING CHANGES**

In 1999, the Governmental Accounting Standards Board (GASB) issued Statement 34, Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments, the most significant change in the history of government financial reporting. These new requirements for the annual financial reports of state and local governments become effective for Center Township for the year ended March 31, 2005 (the first audit year will be March 31, 2006) and may take time to implement.

As the effective date will be next audit year (March 31, 2006), I would be pleased to explain these changes and what they mean for Center Township as well as assist in implementing this new standard.